



## **Teachers' Retirement System of the State of Illinois**

2815 West Washington Street | P.O. Box 19253 | Springfield, Illinois 62794-9253

Richard W. Ingram, Executive Director

<http://trs.illinois.gov>

(800) 877-7896 | for the hearing impaired: (866) 326-0087

### **MINUTES Emergency Meeting Board of Trustees November 15, 2010**

An emergency meeting of the Board of Trustees of the Illinois Teachers' Retirement System was held on November 15, 2010 at the Springfield office, 2815 West Washington Street. Chris Koch, President, called the meeting to order at 11:05 a.m. A quorum was present.

Roll Call attendance was taken with the following trustees present: Chris Koch, President; Molly Phalen, Vice President; Jan Cleveland, Livia Kiser, Bob Lyons, Sid Marder, and Cynthia O'Neill. Trustee Lyons moved that the trustees, who are unable to physically attend the meeting of the Board of Trustees due to employment reasons, be allowed to attend the meeting by audio conference. The motion was seconded by Trustee Kiser and carried. Trustees Cinda Klickna, Sharon Leggett, Janice Reedus, and Sonia Walwyn were recorded as being present. Absent: Marcia Boone and Mike Busby.

Others present: Stan Rupnik, Acting Exec. Director & CIO; Stacy Smith, Director of Internal Audit; Tom Gray, General Counsel; Cynthia Fain, Sr. Assistant General Counsel; Jana Bergschneider, Director of Administration; Kathleen Farney, Director of Research; Rich Frankenfeld, Director of Outreach; Sally Sherman, Director of Member Services; Dave Urbanek, Public Information Officer; Sue Billington, Executive Assistant; Tammy Green, Asst. to the Exec. Director; Pat O'Hara, Cavanagh & O'Hara (Fiduciary Counsel); Andrew Bodewes, (Legislative Consultant), and Larry Langer, Buck Consultants (Actuary).

Visitor present: Bukola Bello, Center for Tax & Budget Accountability

#### **Re-Certification of FY 2012 State Contribution**

In October, the Board certified \$2,406,472,000 for FY 2012 under the assumption that the full FY 2011 state contribution would be received during FY 2011. The Board called an emergency meeting to reconsider the certification of the FY 2012 state contribution to TRS because at the certification deadline, TRS had received only \$110,000,000 of the state's annual contribution for FY 2011 and legislative action to fund the remainder of the contribution was not imminent. The Board is required to submit the board-certified FY 2012 state funding amount for TRS to the governor's office by November 15, the day of the emergency meeting.

Larry Langer of Buck Consultants presented revised actuarial projections for two scenarios: If only \$110,000,000 of the FY 2011 state contribution is received by June 30, 2011, the required FY 2012 state contribution would be \$2,554, 618,000. If the full \$2.358 billion FY 2011 state contribution is received by June 30, 2011, the required FY 2012 state contribution would be \$2,406,472,000. Documentation is on file. Mr. Langer explained that reduced state funding in FY 2011 simply causes state government to owe more to TRS in FY 2012 and subsequent years. If the state doesn't make its full annual contribution in FY 2011, Illinois taxpayers will owe \$6.6 billion in state contributions during fiscal years 2012-2045, including \$2.2 billion for the remainder of the FY 2011 contribution and \$4.4 billion in interest. The Board urges the General Assembly to meet its obligations to fund the pension systems.

On a motion by Bob Lyons, seconded by Sid Marder, it was resolved:

To adopt the recommended FY 2012 state contribution amounts below:

- Assuming the FY 2011 state contribution is \$110,000,000 rather than the October 2009 certified amount of \$2,358,441,000, the FY 2012 certified amount is \$2,554,618,000, including \$1,300,000 for minimum retirement benefits. As a result of deferring \$2.2 billion of the FY 2011 contribution, the additional cost to the state is \$4.4 billion for a total FY 2012-FY 2045 cost of \$6.6 billion to repay. The June 30, 2012 funded ratio using the actuarial value of assets (smoothed) would be 40.4 percent if \$2.2 billion is deferred in FY 2011.
- Assuming the FY 2011 state contribution amount is the amount certified in October 2009, the FY 2012 certified contribution is \$2,406,472,000, including \$1,300,000 for minimum retirement benefits. The June 30, 2012 funded ratio using the actuarial value of assets (smoothed) would be 43.2 percent if the certified FY 2011 contribution is received.

Both amounts are based on the June 30, 2010 actuarial valuation results previously adopted.

Roll call resulted in affirmative voice votes from Trustees Cleveland, Kiser, Klickna, Leggett, Lyons, Marder, O'Neill, Reedus, Walwyn, Phalen, and Koch. Motion CARRIED.

## **ADJOURNMENT**

On a motion by Molly Phalen, seconded by Livia Kiser, the meeting adjourned at 11:40 a.m.

\_\_\_\_\_  
Richard W. Ingram, Executive Director

Approved \_\_\_\_\_